

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00

PA-01 PRS-01 USIA-06 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-06 FRB-03 INR-07 NEA-09 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 SS-15

NSC-05 L-02 STR-01 TAR-01 /105 W

----- 125219

O R 191736Z MAR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6098

INFO AMEMBASSY HELSINKI

USMISSION GENEVA

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, FI, OECD

SUBJECT: OECD COUNCIL DISCUSSION OF FINNISH IMPORT
MEASURES

REF: OECD PARIS 06722

1. SUMMARY. SECGEN HAS PROPOSED COUNCIL HAVE SUBSTANTIVE DISCUSSION OF FINNISH ACTION MARCH 25, BUT FINNS OBJECTED TO THIS AS PREMATURE. SECGEN INDICATED COUNCIL WILL TAKE UP MEASURE ON MARCH 25 IN ANY CASE AND DETERMINE AT THAT TIME IF DISCUSSION STILL PREMATURE. MISSION SEES SOME MERIT IN PUSHING FOR CONSULTATIONS AT EARLIEST POSSIBLE DATE, BUT BELIEVES US SHOULD TAKE INTO ACCOUNT POSSIBLE EFFECT TOUGH APPROACH ON FINNISH QUESTION MAY HAVE ON ATTITUDE OF SMALLER COUNTRIES TOWARD RENEWAL OF TRADE PLEDGE. ACTION REQUESTED: DEPARTMENT VIEWS AND GUIDANCE FOR MARCH 25 MEETING.
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END SUMMARY.

2. DURING MARCH 18 COUNCIL MEETING, SECGEN PROPOSED THAT FINNISH IMPORT MEASURES BE DISCUSSED BY COUNCIL MARCH 25. FINNISH DEL STATED THAT HIS GOVERNMENT WAS PREPARED TO CONSULT ON MEASURES IN COUNCIL OR ELSEWHERE BUT ASSERTED THAT COUNCIL DISCUSSION ON 25TH WOULD BE PREMATURE BECAUSE EXACT NATURE OF IMPORT DEPOSIT SCHEME REMAINS UNCERTAIN. HE STATED THAT A) OPPOSITION PARTIES HAVE OBJECTED TO CERTAIN ASPECTS OF GOF PROPOSAL IN PARLIAMENT, WHERE 5/6 MAJORITY IS REQUIRED FOR PASSAGE OF LEGISLATION, AND B) WHILE PROPOSAL CALLS FOR IMPORT DEPOSIT OF UP TO 30 PERCENT FOR UP TO SIX MONTHS ON CERTAIN IMPORTS, NEITHER THE EXACT PERCENTAGE NOR THE DURATION NOR THE LIST OF IMPORTS SUBJECT TO DEPOSIT SCHEME HAVE YET BEEN DETERMINED. BECAUSE OF THESE UNCERTAINTIES, FINLAND HAS NOT YET PROVIDED FORMAL NOTIFICATION OF MEASURES AND HOPED FORMAL COUNCIL DISCUSSION COULD BE DEFERRED UNTIL THE PRECISE SHAPE OF SCHEME WAS DETERMINED.

3. SECGEN RESPONDED BY INDICATING COUNCIL WOULD RETURN TO THIS ISSUE MARCH 25 AND DETERMINE AT THAT TIME IF DISCUSSION WERE STILL PREMATURE, IN WHICH CASE THE MATTER WOULD BE DEFERRED UNTIL AFTER EASTER BREAK. DEPARTMENT GUIDANCE ON //S POSITION FOR MARCH 25 MEETING WOULD BE APPRECIATED.

4. MISSION COMMENT: WE SEE SOME MERIT IN SUPPORTING SUBSTANTIVE DISCUSSION OF FINNISH MEASURES IN MARCH 25 COUNCIL EVEN IF DETAILS NOT YET DECIDED, BOTH TO EMPHASIZE US CONCERN ABOUT VIOLATIONS OF TRADE PLEDGE AND, IF POSSIBLE, TO INFLUENCE IMPLEMENTATION OF FINNISH MEASURE TO MAKE IT LESS TRADE RESTRICTIVE THAN ORIGINALLY INTENDED. FACT THAT SUBSTANTIAL IMPORT SURCHARGE ALREADY IN EFFECT GIVES, IN OUR OPINION, SUFFICIENT REASON FOR CONSULTATIONS IN CONTEXT OF TRADE PLEDGE AT EARLIEST POSSIBLE DATE. THERE IS POSSIBILITY, HOWEVER, THAT OUR BEING VERY TOUGH ON FINLAND AT THIS POINT WILL INDUCE OTHER SMALL COUNTRIES WHICH FEEL THEY HAVE BEEN BEARING UNFAIR SHARE OF OECD DEFICIT BURDEN TO TAKE LIMITED OFFICIAL USE

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TOUGHER LINE ON RENEWAL OF TRADE PLEDGE AND INSIST ON COMMITMENT TO REFLATION OF LARGER ECONOMIES AS PRECONDITION. TO EXTENT FINNS CAN SHOW PROBLEMS ARE DUE TO STAGNATION OF EXPORTS TO LARGER COUNTRIES DUE TO RECESSIONS THERE THEY MAY GARNER CONSIDERABLE SUPPORT IN COUNCIL AMONG OTHER SMALL COUNTRIES AND EVEN UK.

5. MISSION WOULD ALSO BE INTERESTED IN DEPT OR

HELSINKI VIEW ON EXTENT TO WHICH INCREASED PRICES
CHARGED FINNS FOR ENERGY IMPORTS FROM USSR AND
E. EUROPE' IN COMBINATION WITH PRESUMABLY LIMITED
SWING CREDITS AVAILABLE TO FINANCE TRADE IMBALANCES
WITH THESE COUNTRIES, MAY BE FACTOR IN CURRENT BOP
SITUATION.
TURNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, ECONOMIC DEVELOPMENT, IMPORT CONTROLS, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP07031
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750096-0075
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750336/aaaabgm.x.tel
Line Count: 122
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 OECD PARIS 06722
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 17 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 APR 2003 by ShawDG>; APPROVED <20 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OECD COUNCIL DISCUSSION OF FINNISH IMPORT MEASURES
TAGS: ETRD, FI, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006